

# Congress of the United States

Washington, DC 20515

June 16, 2000

## Value-Added Agriculture: a permanent "safety net"

Dear Colleague:

Stakeholders in American agriculture recognize that while short-term financial assistance is helpful, long-term planning and creative and innovative opportunities are necessary in order to stem the loss of small, family-owned farms and preserve small town economies. Encouraging agricultural producers to launch value-added enterprises will do just that by enabling farmers and ranchers to reach up the marketing chain and capture profits generated from processing their raw commodities. The Talent/Thune value-added package, H.R. 3996 and H.R. 4497, will provide American family farmers the tools they desperately need to transform themselves from price takers to price makers.

### Examples of value-added products:

Soybeans:	plastics, explosives, paint additives, diesel fuel, soy ink, crayons
Wheat:	pancake mixes, snack foods, cereal, pasta
Corn:	ethanol, solvents, plastics, high-fructose corn sweeteners
Pork:	pet toys
Beef:	jerky

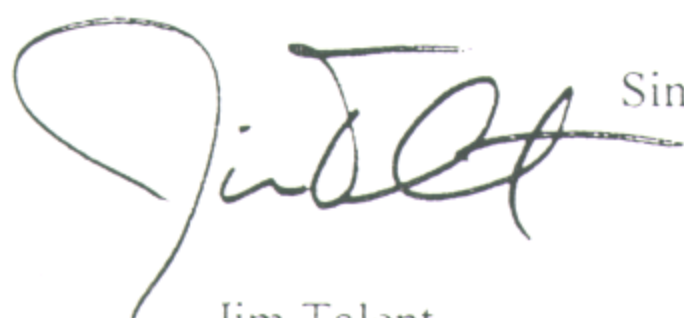
### H.R. 3996, Value-added Development Act for American Agriculture


- Provides technical assistance to producers for value-added ventures, including engineering, legal services, applied research, scale production, business planning, marketing, and market development.
- Grant Process: State board of directors would apply to USDA Secretary for ag innovation center grant. The Secretary shall award grants based on competitive basis. Note: Eligible state boards consist of the largest two general farm organizations, the four highest grossing commodity groups, and a representative of the state department of agriculture (or equivalent).
- Three-year demonstration program-- \$50 million in grants to create ag innovation centers.

### H.R. 4497, Value-added Agriculture Tax Credit

- 50% tax credit for producer investors in value-added endeavors (not limited to co-ops), with a maximum tax credit benefit per producer, per year of \$30,000.
- Tax credits may be applied over 20 years.
- Six year program, with Congressional review at conclusion to consider further market need.

To cosponsor the Talent/Thune Value-Added Package and help regrow rural America, contact Shelby Neal at 5-2561 or Erik Iverson at 5-2801.

 Sincerely,  
Jim Talent  
Member of Congress

  
John Thune  
Member of Congress